

DIVISION OF TAXATION HIGHLIGHTS

- The Division's Special Projects Unit was one of ten regional semi-finalists for the 2001 Innovations Awards Program sponsored by the Council of State Governments. The Special Projects Unit focuses on transient out-of-State vendors whose business activities result in New Jersey tax obligations. Unit members work with the State Police at weigh stations throughout the State to target out-of-State commercial vehicles being used to make deliveries in New Jersey. "Jeopardy assessments" are made against unregistered vendors in order to ensure compliance with New Jersey tax laws. During Fiscal Year 2001 the Special Projects Unit collected \$8.3 million, which represents a 40% increase over the collections for Fiscal Year 2000 (\$5.9 million).
- The State of New Jersey became a "Participating State" in the interstate discussions of the Streamlined Sales Tax Project, also called the Zero Burden System. The Project is a joint effort among several states and the National Governors' Association, the Federation of Tax Administrators, and the Multistate Tax Commission. The goal of the project is to reduce the burdens and costs that are currently imposed on local and remote sellers of property and services under the current systems for collecting, reporting and remitting taxes by designing, testing, and implementing a new sales and use tax system. As a Participating State, New Jersey is entitled to vote at all Project meetings and can more directly impact the Project. Prior to becoming a Participating State New Jersey had no voting rights but could participate in meetings and discussions.
- In November of 1999, the Division became a participant in the Federal Offset of Individual Liability (FOIL) Program which was set up by the Federal Management System (FMS). Through the FOIL Program the federal government offsets federal personal income tax refunds against tax deficiencies of participating states. Affected taxpayers are sent notification by certified mail advising them of the intended set-off and giving them 60 days to protest the action. The Division receives payments consisting of payments directly from taxpayers sent in response to the notification, as well as from the FMS as a result of the offset. The Division collected revenues of \$12.3 million during Fiscal Year 2001 and \$14 million since its inception.
- The NJ SAVER Rebate Program, the first mandatory telefile program instituted by a tax agency in the country, was honored by civic.com as part of their State and Local 50 awards which honored groundbreaking and successful information technology projects.
- During the spring of 2001, the Division of Taxation conducted a comprehensive recruiting drive to fill Auditor-Accountant Trainee, Investigator Trainee, and Tax Representative Trainee positions throughout the Division. The Division hired

more than one hundred and fifty new employees in what was the most successful recruiting effort in the history of New Jersey State Government.

- On May 5, 2001, the Division launched its new Web site design. In addition to an entirely new look, the redesign included improved site search ability, standardized navigation links, and compliance with the Americans with Disabilities Act.
- In May of 1999, the Division began publishing a listing of businesses and individuals with the largest uncollected New Jersey tax liabilities on our Web site. During Fiscal Year 2001, the publishing of these lists of taxpayers, who had previously ignored the Division's attempts to bring them into compliance, generated revenues of \$853,882. Since its inception, this program has resulted in collections of \$5,072,276.
- Fiscal Year 2001 saw the introduction of the New Jersey earned income tax credit (EITC). The EITC is available to New Jersey taxpayers whose income is below the minimum filing threshold. As a result, the Division saw a need for a simplified tax return that eligible individuals could file in order to report their income and claim the EITC. The Division created Form NJ-1040EZ, a two-page tax return/homestead rebate application (instead of four).
- As part of its commitment to the taxpayers of New Jersey to protect their tax dollars, the Division conducted joint investigations with both the New Jersey State Police and the U.S. Postal Inspection Service. Several individuals suspected of preparing fraudulent homestead rebate applications were arrested and charged.
- Fiscal Year 2001 saw the introduction of several online developments designed to make it easier for taxpayers to file for and pay their tax liabilities. An Internet inquiry was launched on March 1, 2001, which allows individuals to obtain a listing of the estimated tax payments they made without having to call or write to the Division. Introduction of e-check, enabling a taxpayer that owed the Division money for their 2000 income tax to pay with an electronic check. With e-check, a taxpayer can make a payment online without ever having to send in any paper.
- The Division issued a Request for Information (RFI) to acquire a comprehensive system for local property tax assessment and tax administration. The new system is intended to replace the current MOD IV batch system and will be known as PAMS (Property Assessment and Management System). When operational, PAMS will provide, among other things, Internet access to local property tax data for citizens, businesses, and governmental agencies, accurate and uniform data collection, and will allow for electronic submission of data.
- Taxpayers who chose to use one of our electronic filing options to file their 2000 New Jersey Income Tax Return were given the option of having their refund (and homestead rebate if applicable) deposited directly into their bank account. By the end of the tax season, 120,746 taxpayers had taken advantage of this option.